

FOR SALE

FORMER EXCELLUS HEADQUARTERS DOWNTOWN SYRACUSE



ASKING PRICE: \$2.5 MILLION

344 WARREN STREET
SYRACUSE, NEW YORK 13202

FOR MORE INFORMATION, PLEASE CONTACT:

R. Derek Walker
Walker International Capital
dwalker@walkerint.com
801.652.3134



Table of Contents

Confidentiality	2
Executive Summary	3
Property Highlights	4
Property Details	5
Photographs	7
Renderings	18
CBD Map	19
Connective Corridor Map	20
Location Overview	21
Tax Map	22
Floor Plans	23
Demographics	33

Confidentiality

This Brochure was prepared by Walker International Capital, LLC and has been reviewed by the owner of the Property (“Owner”). It contains selected information pertaining to the Property and does not purport to be all-inclusive or to contain all of the information, which a prospective lessee or purchaser might desire. Any financial projections are provided for general reference purposes only and are based on assumptions relating to the general economy, competition, and other factors beyond control, and therefore, are subject to material change or variation.

In this Brochure, certain documents and other materials are described in summary form. The summaries do not purport to be complete, nor necessarily accurate descriptions of the full agreements involved, nor do they constitute a legal analysis of such documents. Interested parties are expected to independently review all documents.

This Brochure is subject to prior placement, error, omissions, changes or withdrawal without notice and does not constitute a recommendation, endorsement or advise as to the value of the Property by the Owner. Each prospective lessee or purchaser is to rely upon its own investigation, evaluation and judgment as to the advisability of leasing or purchasing the Property described herein. Nothing contained in this Brochure shall constitute a representation or warranty of Walker International Capital, LLC or the Owner.

Owner and Walker International Capital, LLC expressly reserve the right, at their sole discretion, to reject any or all expressions of interest or offers on the Property and/or to terminate discussions with any party at any time with or without notice. Owner shall have no legal commitment or obligation to any lessee or purchaser reviewing this Brochure or making an offer to lease or purchase the Property unless a written agreement for the lease or purchase of the Property has been fully executed, delivered, and approved by the Owner and any conditions to Owner’s obligations hereunder have been satisfied or waived. Walker International Capital, LLC is not authorized to make any representations or agreement on behalf of Owner.

This Brochure is the Property of Walker International Capital, LLC and may be used only by parties approved by Walker International Capital, LLC. The Property is privately offered and, by accepting this Brochure, the party in possession hereof agrees (i) to return it to Walker International Capital, LLC immediately upon request of Walker International Capital, LLC or Owner and (ii) that this Brochure and its contents are of a confidential nature and will be held and treated in the strictest confidence. No portion of this Brochure may be copied or otherwise reproduced or disclosed to anyone without the prior written authorization of Walker International Capital, LLC and Owner.

The terms and conditions set forth above apply to this Brochure in its entirety. For additional information regarding the proposed transaction with respect to the Property, please contact the following:

R. Derek Walker

Walker International Capital

Executive Summary

THE OFFERING

Walker International Capital, LLC has been retained to exclusively represent ownership (“Owner”) in the sale of 344 South Warren Street, Syracuse, New York (the “Property”).

The Property is prominently situated near the intersection of Warren and Fayette Street in downtown Syracuse. Within the City of Syracuse, Warren Street has become the main commercial thoroughfare with almost 45% of the Central Business Districts office space either fronting or having direct access to Warren Street. Additionally, the property is favorably situated towards the northern end of the CBD.

The Property was the former Regional Headquarters for Excellus BlueCross BlueShield until September of 2008. The Property rises 10 stories and consists of approximately 220,000 +/-square feet of attractive professional office space (253,000 gross SF). In addition the property contains a very usable full basement with freight and standard elevator access. The property features floor plates which can accommodate the vast majority of office users in the target market. Lifesafety, Telecommunications and interior finishes are current as the building was fully occupied until recently.

There are over 1,000 parking spaces in the contiguous City owned garage and the privately held Warren Garage and attached to the property is a 14 car parking lot.

The Property offers an investor the opportunity to secure a Landmark modern office building at a price far below replacement cost.

OFFERING PROCEDURES

The owner has established a minimum bid price of \$2,500,000.00 for the Property which represents a tremendous \$10.00 per square foot sale price. All bids, proposals, or letters of intent should be submitted through Walker International Capital, LLC.

Property Highlights

Outstanding Facility

The facility was fully occupied and operational by the owner until September of 2008. The asset has been incredibly well maintained by in house service technicians and National service providers.

Future Upside

The economic growth of Syracuse's CBD suggests that this key piece of Syracuse real estate could attract multiple tenant uses. With the City's Bank Alley project successfully underway, demand for ground level retail has shifted to the building's backyard. Other signs suggest that ground level retail on the Warren street side is in demand as well, with the recent opening of multiple restaurants nearby. The flexible size and configuration of the building's floor plates allow for subdivision for multiple tenants. Requirements from 2,500 to 100,000 square feet, the bulk of the Syracuse market, can be accommodated. The upper floors have been suggested for residential development which is also in high demand in the CBD.

Location

The facility is a short walk to all Municipal offices and Court Houses. 344 Warren Street's Central location allows for immediate walking access to Historic Hanover Square, Armory Square and Clinton Square which are the most some of the most vibrant urban pockets in Upstate NY. Warren Street is the historical financial hub of the Syracuse Central Business District which enjoys a relatively stable occupancy rate for Class A Properties. There are over 1,000 parking spaces within 50 yards of the building.

The property is at the corner of the Connective Corridor Route which will tie Syracuse University to landmark locations throughout the City. Occupants of the Property will have a direct link to over 18,000 Syracuse University Students.

Property Details

Property Address	344 Warren Street Syracuse, New York 13202
Also Known As	The Former Excellus BlueCross BlueShield Building
Size	225,000 +/- Square Feet
Breakdown	1st Floor 26,400 +/-SF 2nd - 3rd Floor 27,050 +/-SF 4th - 6th Floor 20,625 +/-SF 7th - 10th Floor 12,950 +/-SF Plus a full usable basement
Lot Size	Approximately 0.8 Acres
Parking	14 on site, over 1,000 within 100 yards
Sprinkler	Partial
Zoning	CBD Office
Power / Utilities	Electric – 5,000 Amp Service provided by National Grid
Telecommunications	Extensive communications wiring in place throughout. Secured computer room with raised floors System – Liebert and Halon
Fire System / Security	Simplex automated fire and security alarm system
Foundation	Poured concrete
Structure	Steel frame
Exterior Walls	Concrete masonry block with decorative finishes
Interior Walls	Sheetrock on metal studs
Windows	Metal frame insulated glass
Roof	Metal roof deck with built up roof (BUR) covering
Entrances	Currently, pedestrian main entrance is on south side, with additional emergency exits on east, west, and north sides of building
Interior Finishes	Currently, painted or vinyl wall coverings; marble tile, vinyl tile, or carpeted flooring; dropped acoustical panels for ceiling; recessed, fluorescent, and incandescent lighting

Heating & Cooling Compressor

Carrier chillers, twin Cleaver and Brooks gas fired boilers, single pipe VAV system, 2 gas fired hot water heaters

Photographs









Main Entrance



Attractive, Landmark Building



Urban Garden

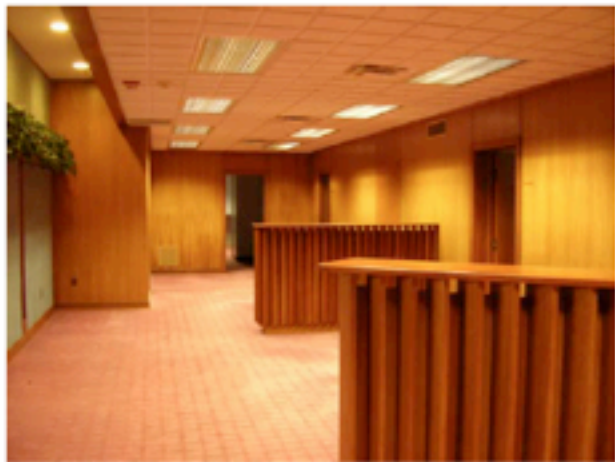


Boardroom Kitchen



Fire & Security System





Executive Suite





Raised Floor Computer Room
1 of 6 Lieberts



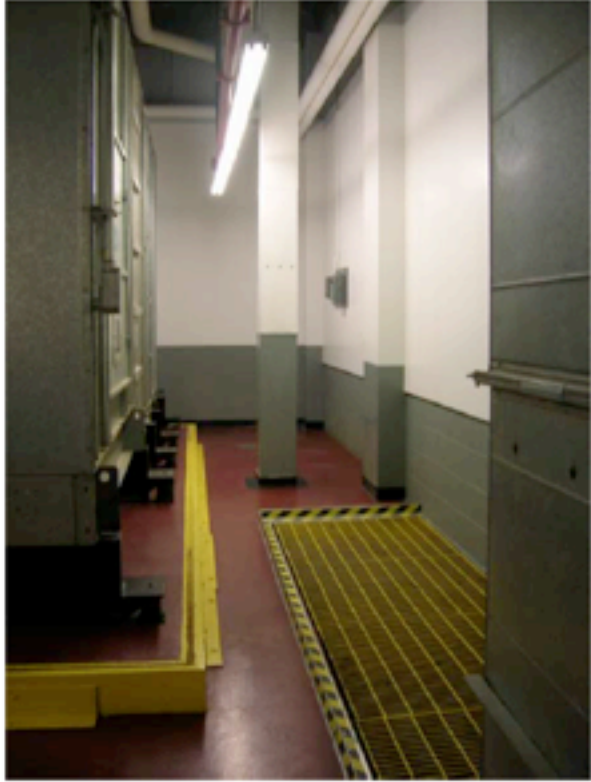
Evidence
Throughout

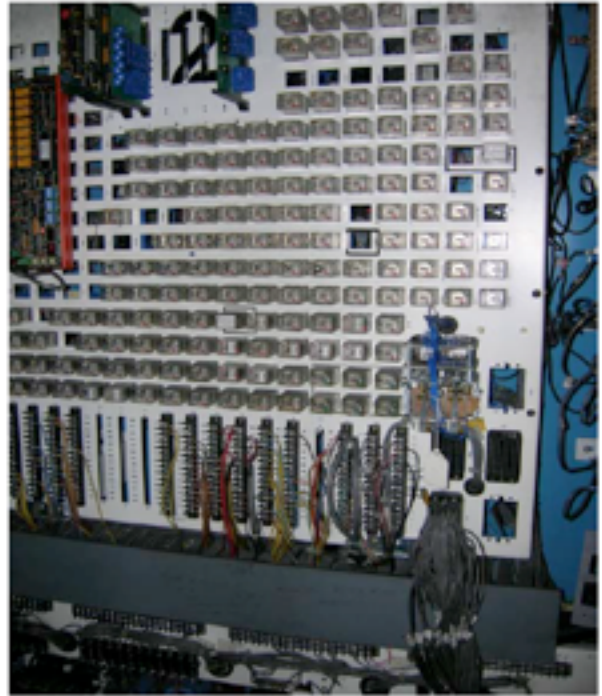
Of Ongoing



Professional Maintenance



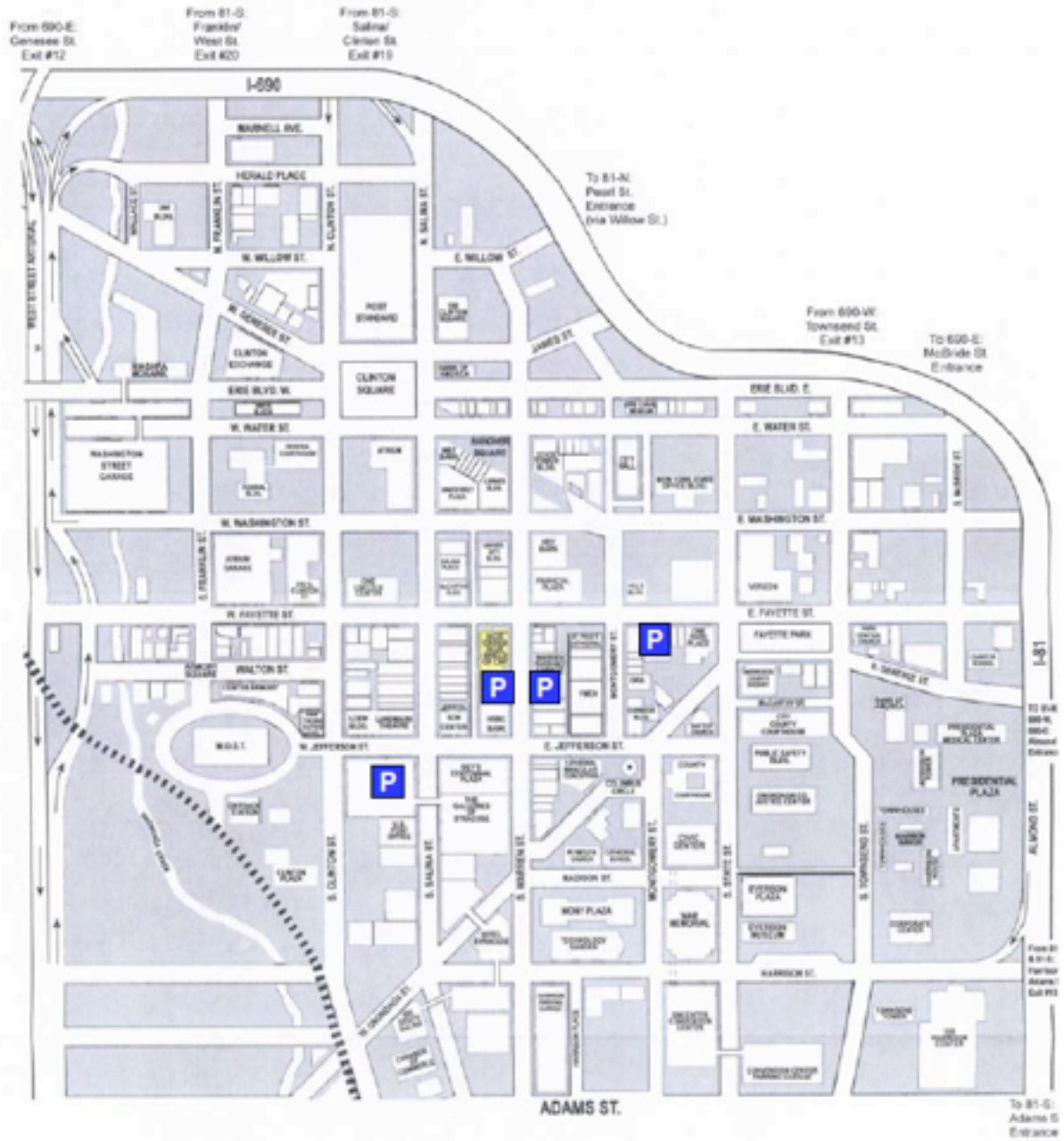




Renderings



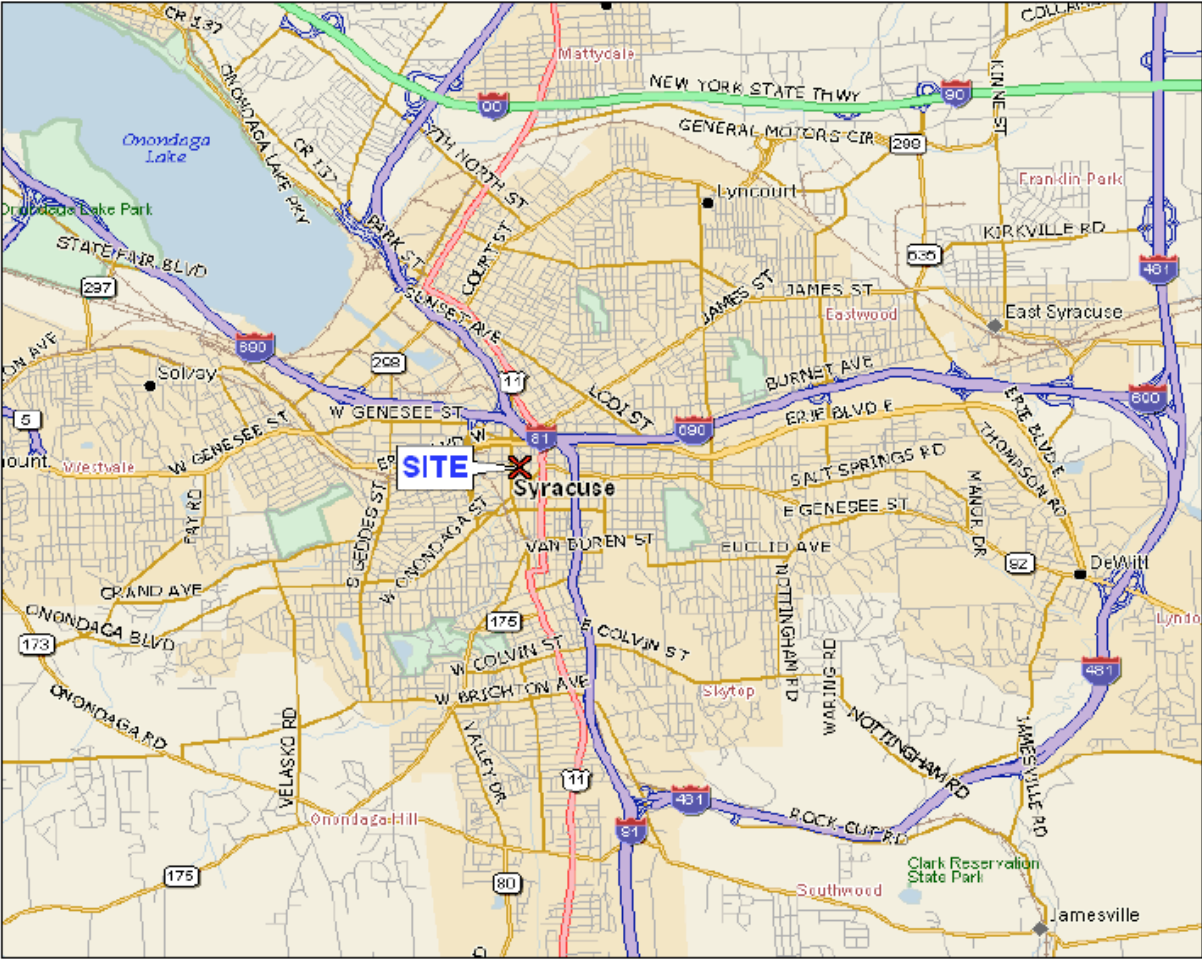
CBD Map



Connective Corridor Map



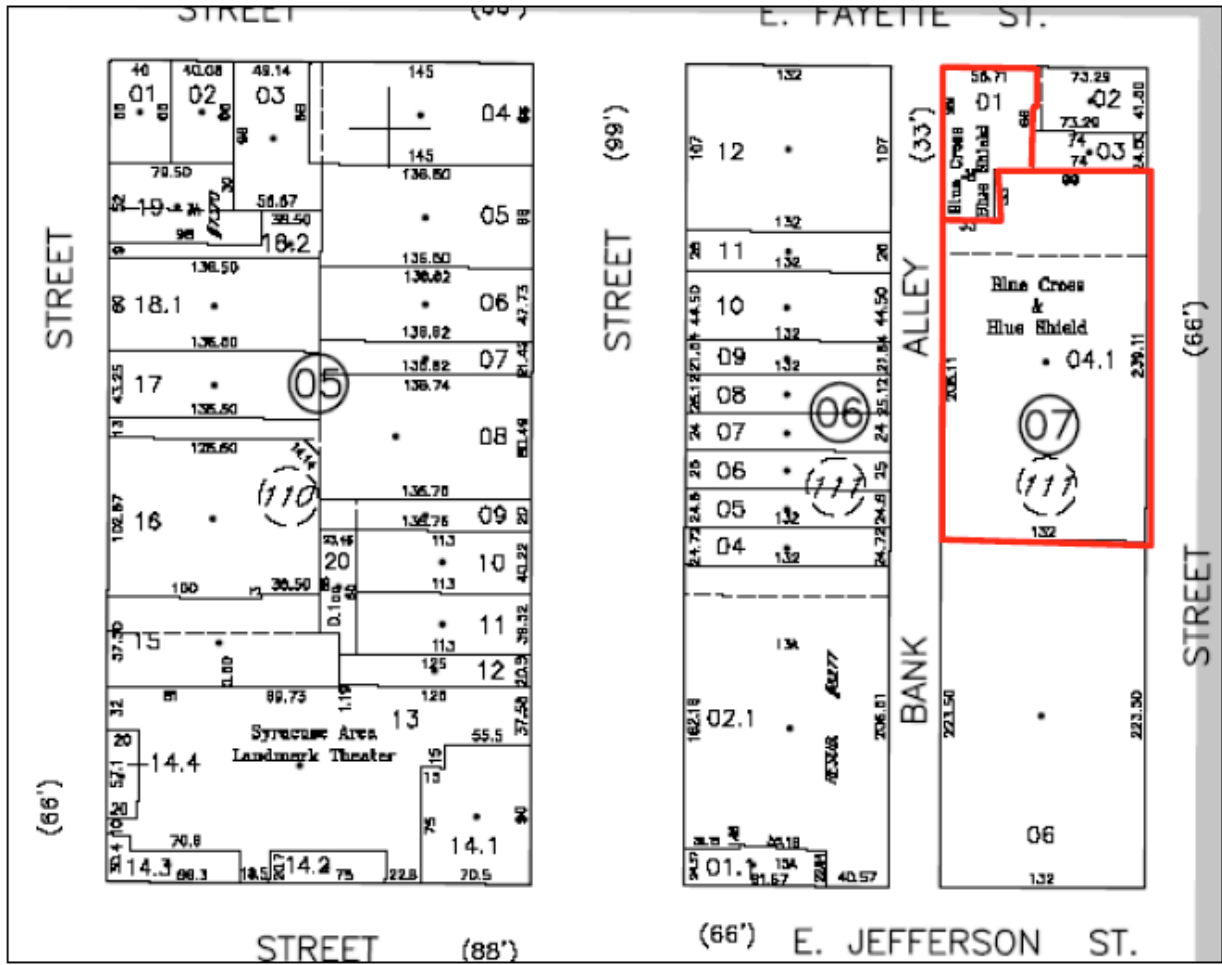
Location Overview



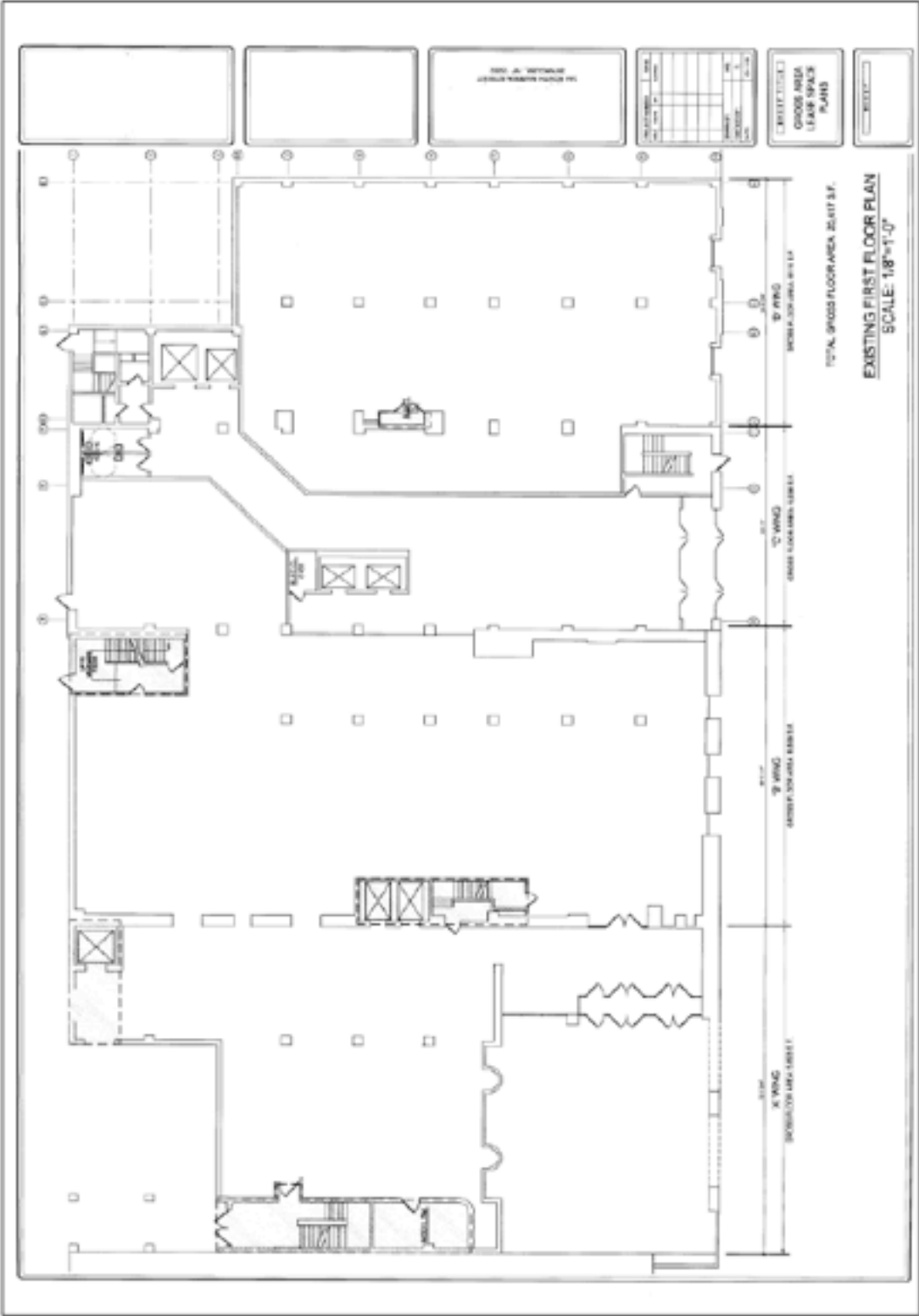
Tax Map

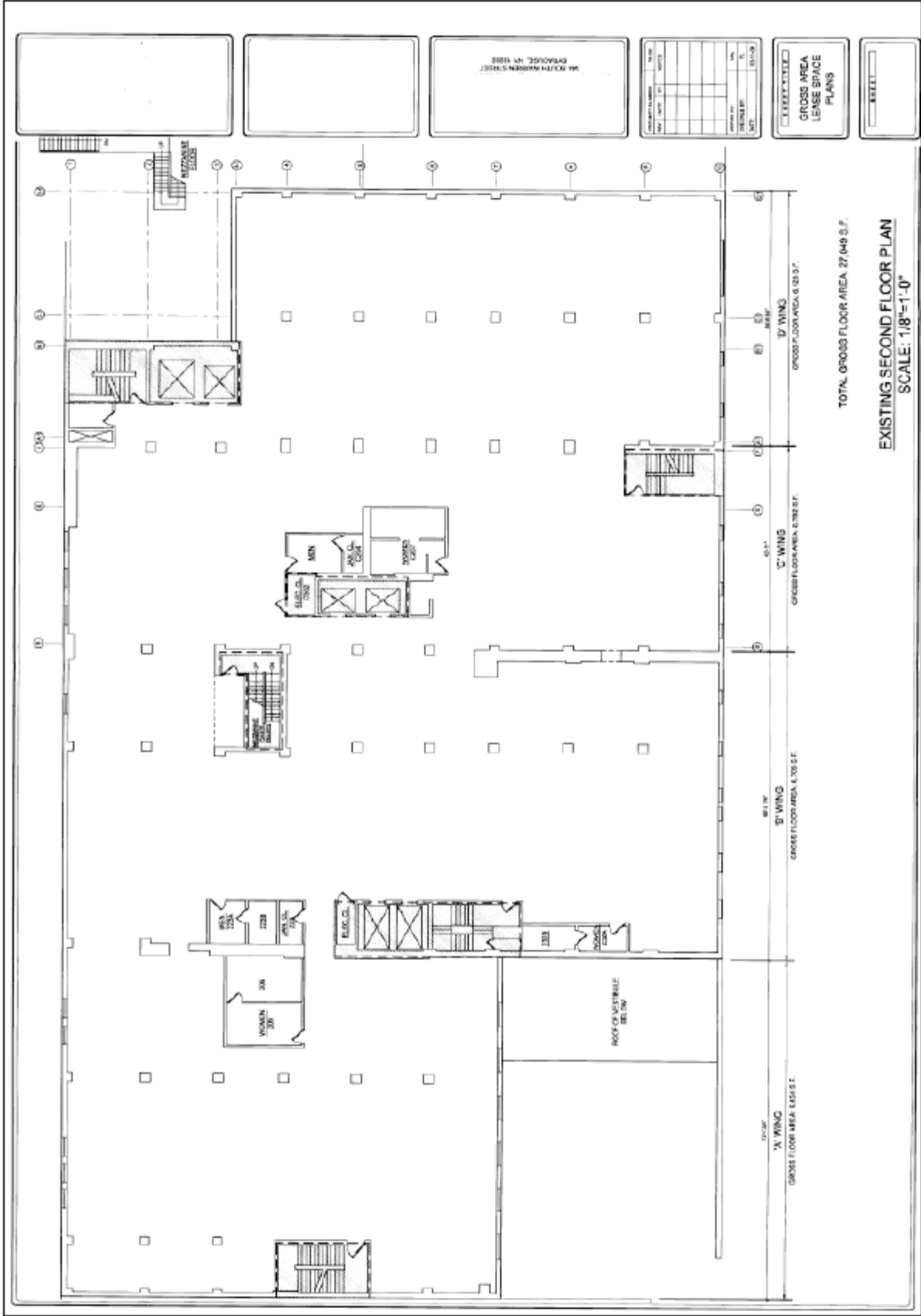
City of Syracuse

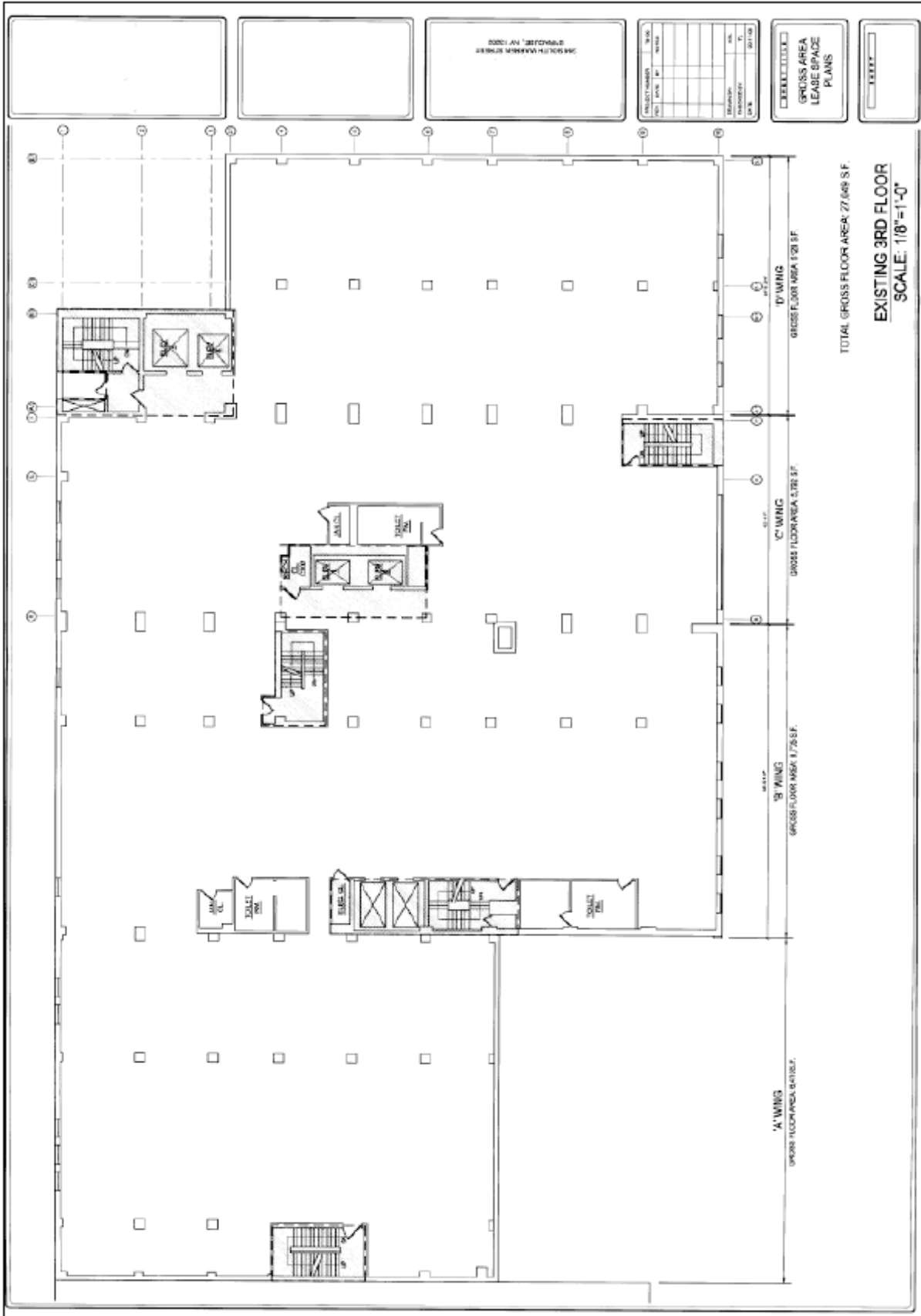
101.-07-04.1

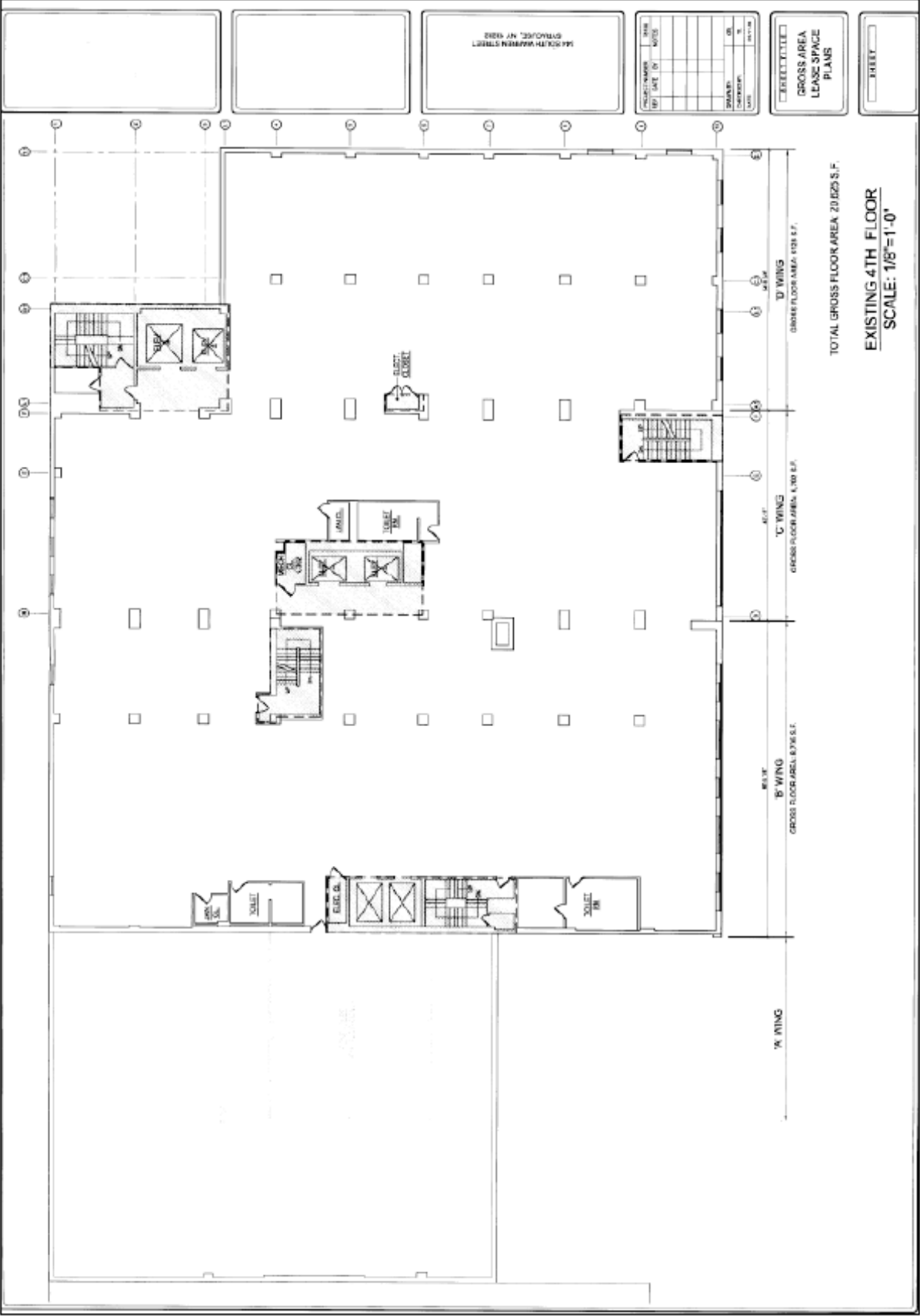


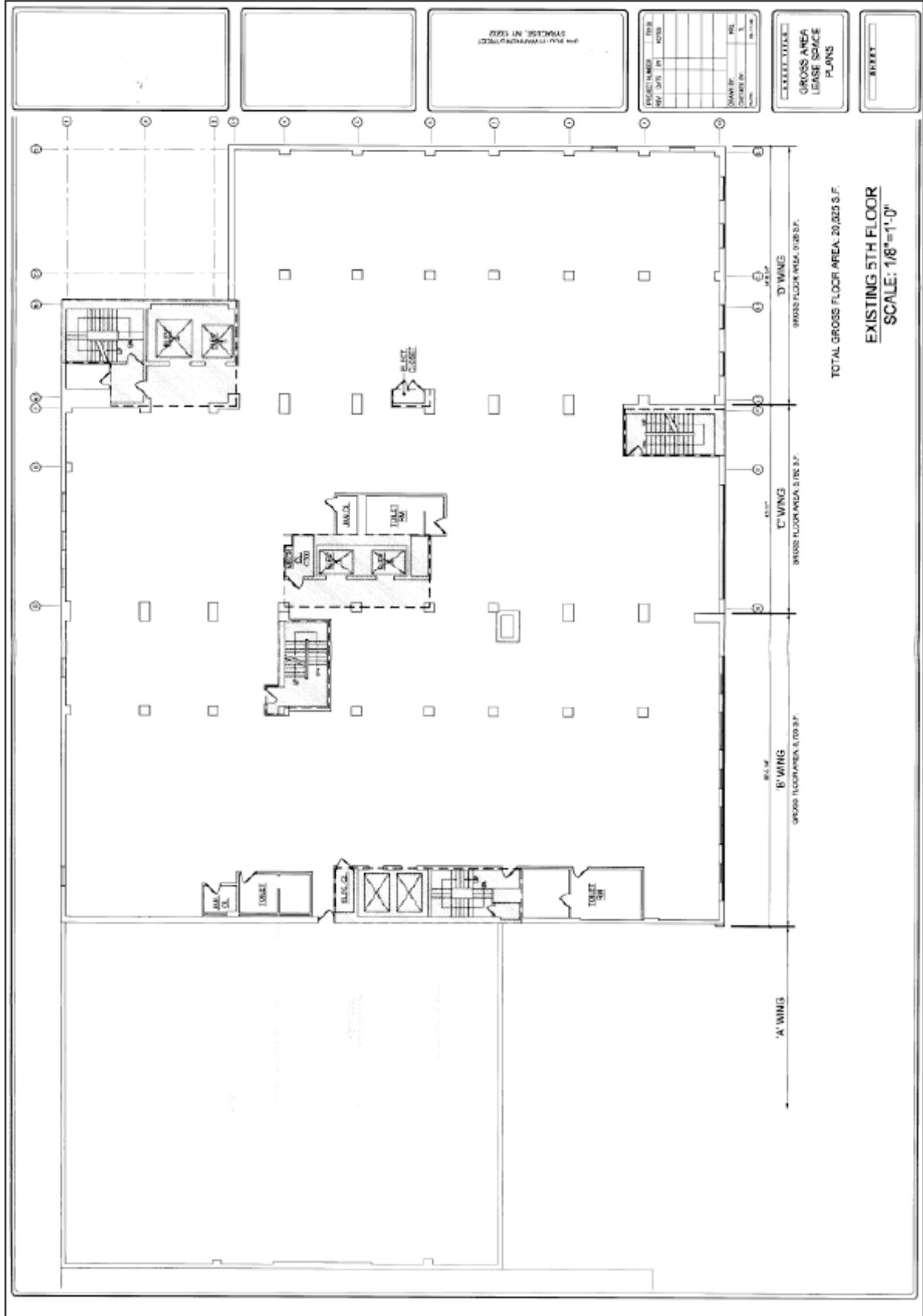
Floor Plans









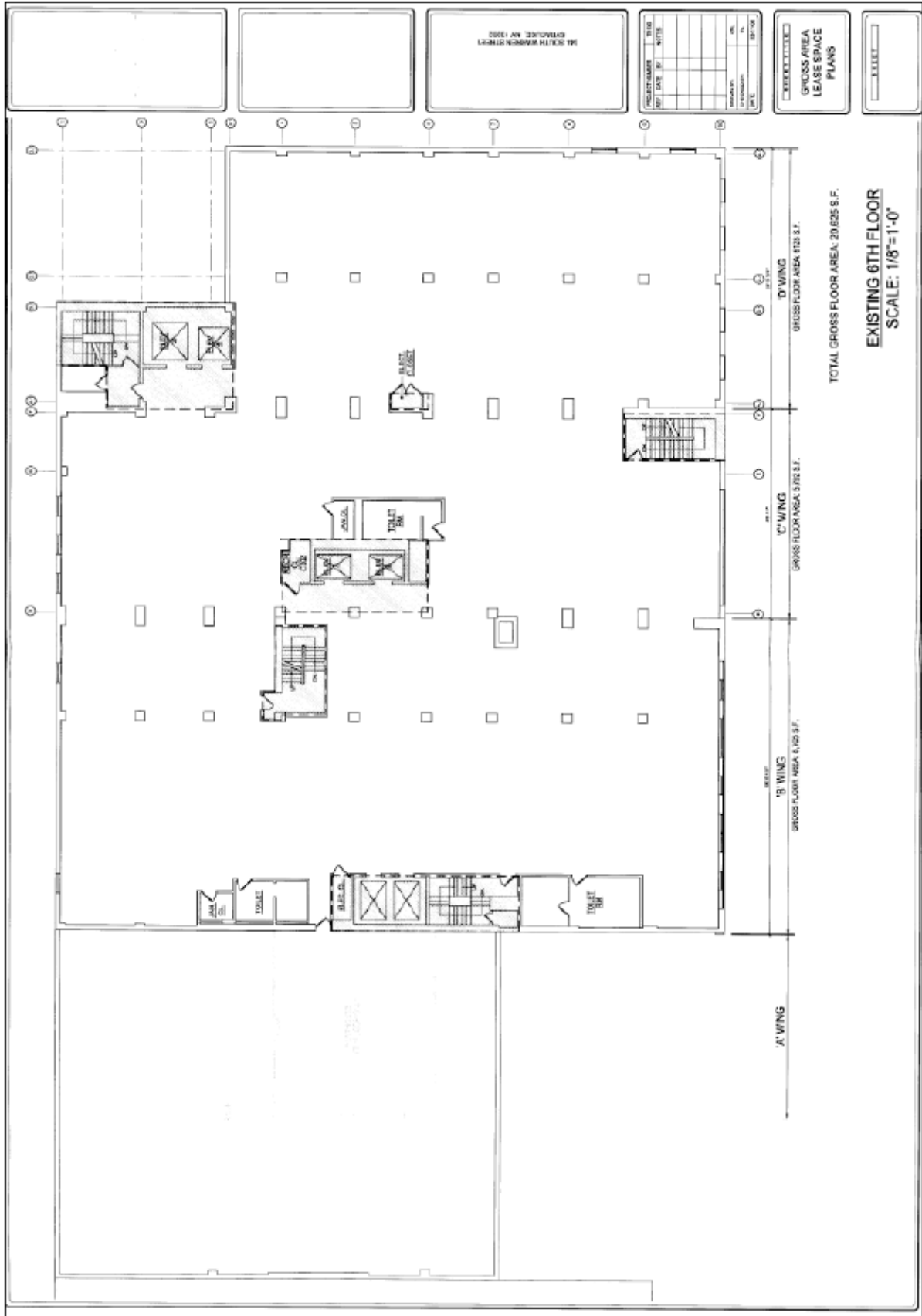


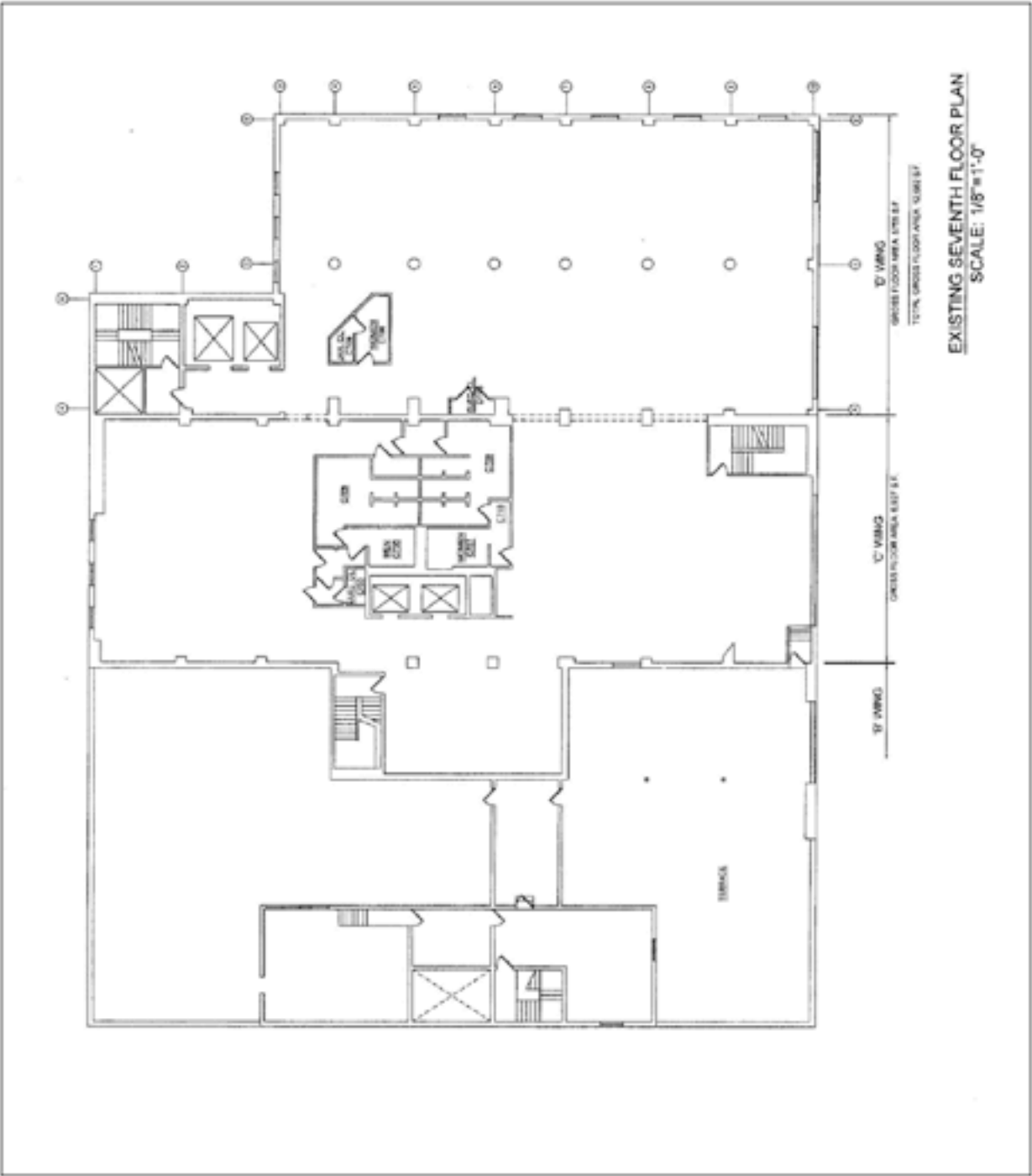
THE FOLLOWING SYMBOLS IN THESE PLANS ARE TO BE INTERPRETED AS SHOWN IN THE

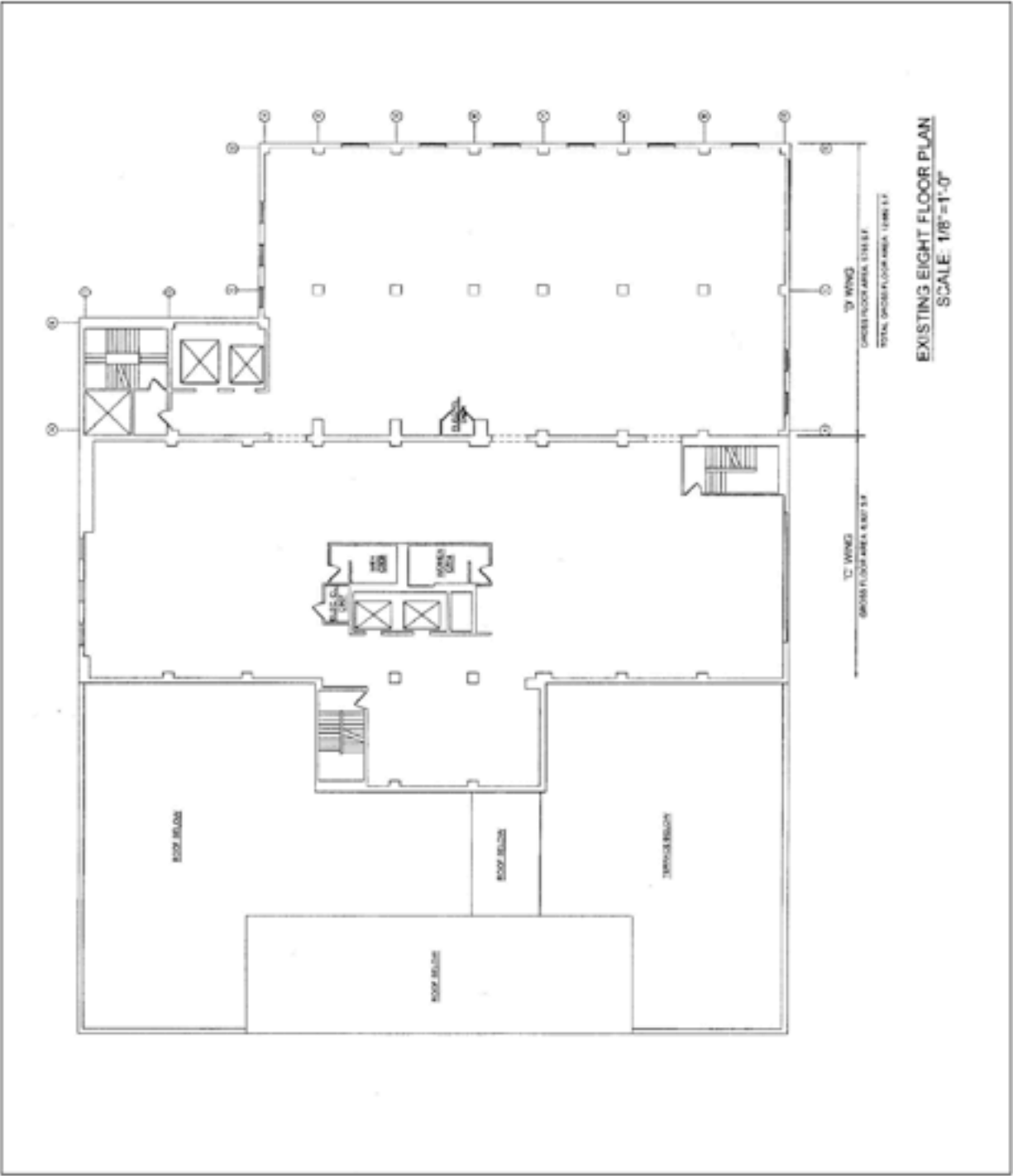
PROJECT NAME	DRAWN BY	CHECKED BY
REV.	DATE	DESCRIPTION

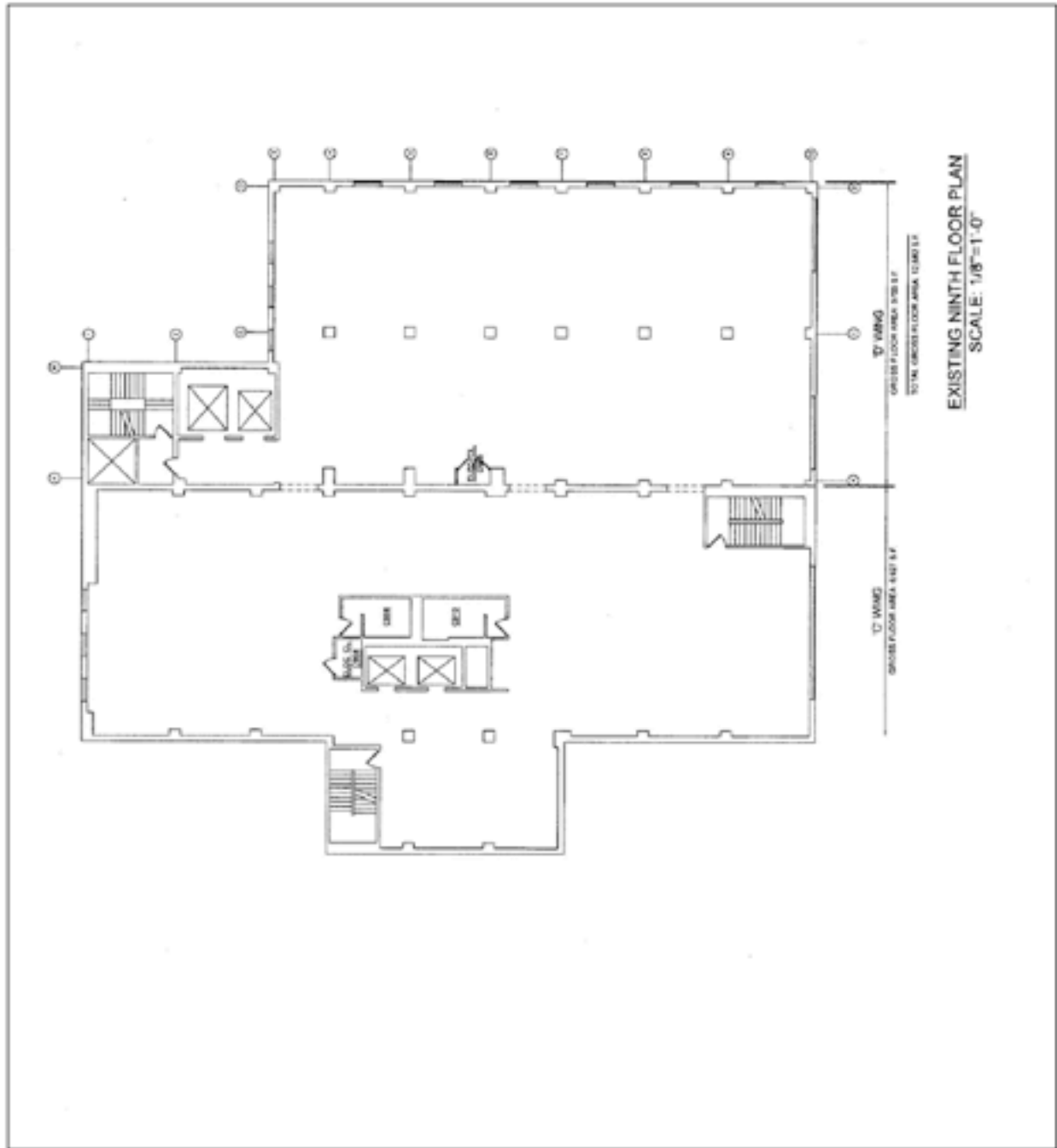
EXHIBIT TABLE
GROSS AREA AND LEASE SPACE PLANS

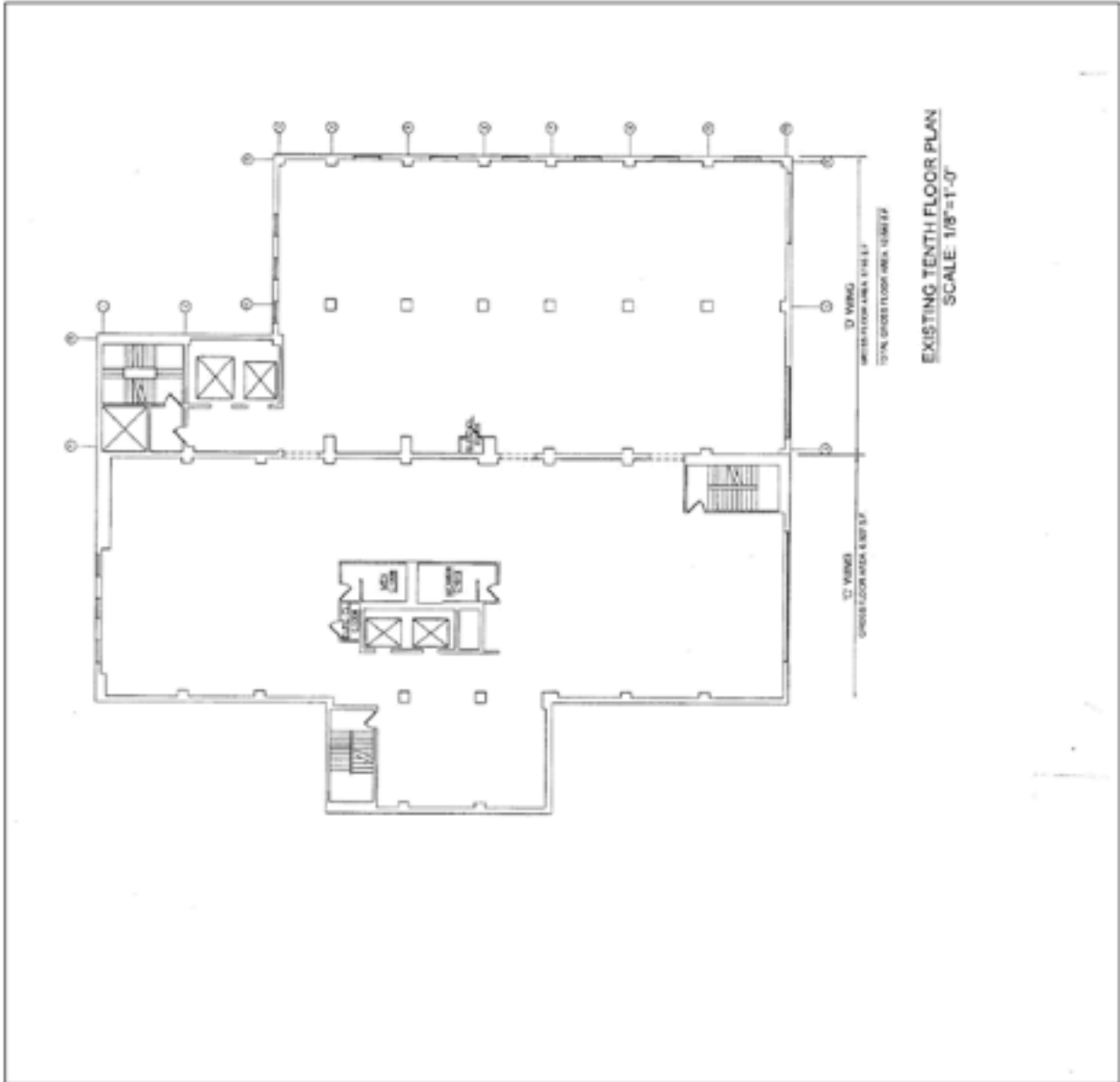
INDEX











Demographics

Population	1-mi.	3-mi.	5-mi.
2012 Male Population	11632	70935	107256
2012 Female Population	11375	77787	118624
% 2012 Male Population	50.56%	47.70%	47.48%
% 2012 Female Population	49.44%	52.30%	52.52%
2012 Total Population: Adult	17894	114464	175450
2012 Total Daytime Population	88269	220655	329322
2012 Total Employees	72056	130042	197058
2012 Total Population: Median Age	29	30	34
2012 Total Population: Adult Median Age	41	43	46
2012 Total population: Under 5 years	1736	10307	14443
2012 Total population: 5 to 9 years	1372	9214	13587
2012 Total population: 10 to 14 years	1170	8796	13363
2012 Total population: 15 to 19 years	2027	14122	20091
2012 Total population: 20 to 24 years	3398	19082	24216
2012 Total population: 25 to 29 years	2214	12501	17136
2012 Total population: 30 to 34 years	1479	9517	13627
2012 Total population: 35 to 39 years	1107	7884	12067
2012 Total population: 40 to 44 years	1242	8224	13251
2012 Total population: 45 to 49 years	1392	9045	14806
2012 Total population: 50 to 54 years	1328	9060	14987
2012 Total population: 55 to 59 years	1119	7942	13296

2012 Total population: 60 to 64 years	874	6118	10650
2012 Total population: 65 to 69 years	612	4261	7623
2012 Total population: 70 to 74 years	486	3112	5737
2012 Total population: 75 to 79 years	444	2911	5485
2012 Total population: 80 to 84 years	408	2817	5148
2012 Total population: 85 years and over	599	3809	6367
% 2012 Total population: Under 5 years	7.55%	6.93%	6.39%
% 2012 Total population: 5 to 9 years	5.96%	6.20%	6.02%
% 2012 Total population: 10 to 14 years	5.09%	5.91%	5.92%
% 2012 Total population: 15 to 19 years	8.81%	9.50%	8.89%
% 2012 Total population: 20 to 24 years	14.77%	12.83%	10.72%
% 2012 Total population: 25 to 29 years	9.62%	8.41%	7.59%
% 2012 Total population: 30 to 34 years	6.43%	6.40%	6.03%
% 2012 Total population: 35 to 39 years	4.81%	5.30%	5.34%
% 2012 Total population: 40 to 44 years	5.40%	5.53%	5.87%
% 2012 Total population: 45 to 49 years	6.05%	6.08%	6.55%
% 2012 Total population: 50 to 54 years	5.77%	6.09%	6.63%
% 2012 Total population: 55 to 59 years	4.86%	5.34%	5.89%
% 2012 Total population: 60 to 64 years	3.80%	4.11%	4.71%
% 2012 Total population: 65 to 69 years	2.66%	2.87%	3.37%
% 2012 Total population: 70 to 74 years	2.11%	2.09%	2.54%

% 2012 Total population: 75 to 79 years	1.93%	1.96%	2.43%
% 2012 Total population: 80 to 84 years	1.77%	1.89%	2.28%
% 2012 Total population: 85 years and over	2.60%	2.56%	2.82%
2012 White alone	10894	87533	153421
2012 Black or African American alone	7316	40463	46378
2012 American Indian and Alaska Native alone	256	1521	2266
2012 Asian alone	2461	7800	10008
2012 Native Hawaiian and OPI alone	14	49	67
2012 Some Other Race alone	867	3965	4517
2012 Two or More Races alone	1199	7391	9223
2012 Hispanic	2542	12097	14410
2012 Not Hispanic	20465	136625	211470
% 2012 White alone	47.35%	58.86%	67.92%
% 2012 Black or African American alone	31.80%	27.21%	20.53%
% 2012 American Indian and Alaska Native alone	1.11%	1.02%	1.00%
% 2012 Asian alone	10.70%	5.24%	4.43%
% 2012 Native Hawaiian and OPI alone	0.06%	0.03%	0.03%
% 2012 Some Other Race alone	3.77%	2.67%	2.00%
% 2012 Two or More Races alone	5.21%	4.97%	4.08%
% 2012 Hispanic	11.05%	8.13%	6.38%
% 2012 Not Hispanic	88.95%	91.87%	93.62%
2000 Not Hispanic: White alone	11500	96546	162975
2000 Not Hispanic: Black or African American alone	6310	34468	38171

2000 Not Hispanic: American Indian and Alaska Native alone	291	1434	2004
2000 Not Hispanic: Asian alone	1455	4799	6160
2000 Not Hispanic: Native Hawaiian and OPI alone	15	56	78
2000 Not Hispanic: Some Other Race alone	58	321	410
2000 Not Hispanic: Two or More Races	798	4344	5477
% 2000 Not Hispanic: White alone	50.92%	64.52%	72.72%
% 2000 Not Hispanic: Black or African American alone	27.94%	23.04%	17.03%
% 2000 Not Hispanic: American Indian and Alaska Native alone	1.29%	0.96%	0.89%
% 2000 Not Hispanic: Asian alone	6.44%	3.21%	2.75%
% 2000 Not Hispanic: Native Hawaiian and OPI alone	0.07%	0.04%	0.03%
% 2000 Not Hispanic: Some Other Race alone	0.26%	0.21%	0.18%
% 2000 Not Hispanic: Two or More Races	3.53%	2.90%	2.44%
Population Change	1-mi.	3-mi.	5-mi.
Total: Employees (NAICS)	n/a	n/a	n/a
Total: Establishments (NAICS)	n/a	n/a	n/a
2012 Total Population	23007	148722	225880
2012 Households	9872	58341	91004
Population Change 2010-2012	124	161	653
Household Change 2010-2012	38	31	211
% Population Change 2010-2012	0.54%	0.11%	0.29%

% Household Change 2010-2012	0.39%	0.05%	0.23%
Population Change 2000-2012	424	-909	1761
Household Change 2000-2012	-90	-2276	-665
% Population Change 2000 to 2012	1.88%	-0.61%	0.79%
% Household Change 2000 to 2012	-0.90%	-3.75%	-0.73%
Housing	1-mi.	3-mi.	5-mi.
2000 Housing Units	12194	69214	101945
2000 Occupied Housing Units	9962	60617	91668
2000 Owner Occupied Housing Units	1124	25373	46933
2000 Renter Occupied Housing Units	8838	35244	44735
2000 Vacant Housings Units	2232	8597	10277
% 2000 Occupied Housing Units	81.70%	87.58%	89.92%
% 2000 Owner occupied housing units	11.28%	41.86%	51.20%
% 2000 Renter occupied housing units	88.72%	58.14%	48.80%
% 2000 Vacant housing units	18.30%	12.42%	10.08%
Income	1-mi.	3-mi.	5-mi.
2012 Household Income: Median	\$17,291.00	\$31,937.00	\$37,376.00
2012 Household Income: Average	\$28,858.00	\$45,008.00	\$52,492.00
2012 Per Capita Income	\$14,450.00	\$19,373.00	\$22,745.00
2012 Household income: Less than \$10,000	2827	8769	10645
2012 Household income: \$10,000 to \$14,999	1535	6210	8205
2012 Household income: \$15,000 to \$19,999	1252	4954	6911
2012 Household income: \$20,000 to \$24,999	608	4022	5719

2012 Household income: \$25,000 to \$29,999	514	3741	5779
2012 Household income: \$30,000 to \$34,999	554	3804	5707
2012 Household income: \$35,000 to \$39,999	532	3581	5335
2012 Household income: \$40,000 to \$44,999	369	2970	4756
2012 Household income: \$45,000 to \$49,999	321	2312	3846
2012 Household income: \$50,000 to \$59,999	319	3857	6627
2012 Household income: \$60,000 to \$74,999	277	4744	8090
2012 Household income: \$75,000 to \$99,999	305	4098	7747
2012 Household income: \$100,000 to \$124,999	310	2682	5600
2012 Household income: \$125,000 to \$149,999	24	1039	2564
2012 Household income: \$150,000 to \$199,999	68	860	1967
2012 Household income: \$200,000 or more	57	698	1506
% 2012 Household income: Less than \$10,000	28.64%	15.03%	11.70%
% 2012 Household income: \$10,000 to \$14,999	15.55%	10.64%	9.02%
% 2012 Household income: \$15,000 to \$19,999	12.68%	8.49%	7.59%
% 2012 Household income: \$20,000 to \$24,999	6.16%	6.89%	6.28%
% 2012 Household income: \$25,000 to \$29,999	5.21%	6.41%	6.35%
% 2012 Household income: \$30,000 to \$34,999	5.61%	6.52%	6.27%

% 2012 Household income: \$35,000 to \$39,999	5.39%	6.14%	5.86%
% 2012 Household income: \$40,000 to \$44,999	3.74%	5.09%	5.23%
% 2012 Household income: \$45,000 to \$49,999	3.25%	3.96%	4.23%
% 2012 Household income: \$50,000 to \$59,999	3.23%	6.61%	7.28%
% 2012 Household income: \$60,000 to \$74,999	2.81%	8.13%	8.89%
% 2012 Household income: \$75,000 to \$99,999	3.09%	7.02%	8.51%
% 2012 Household income: \$100,000 to \$124,999	3.14%	4.60%	6.15%
% 2012 Household income: \$125,000 to \$149,999	0.24%	1.78%	2.82%
% 2012 Household income: \$150,000 to \$199,999	0.69%	1.47%	2.16%
% 2012 Household income: \$200,000 or more	0.58%	1.20%	1.65%
Retail Sales Volume	1-mi.	3-mi.	5-mi.
2012 Childrens/Infants clothing stores	\$2,850,016.00	\$17,578,108.00	\$27,219,056.00
2012 Jewelry stores	\$1,768,188.00	\$11,025,199.00	\$15,967,930.00
2012 Mens clothing stores	\$4,013,802.00	\$19,279,528.00	\$28,231,705.00
2012 Shoe stores	\$3,577,333.00	\$18,825,954.00	\$28,763,289.00
2012 Womens clothing stores	\$6,582,632.00	\$33,294,678.00	\$51,132,455.00
2012 Automobile dealers	\$38,629,863.00	\$215,976,915.00	\$335,385,869.00
2012 Automotive parts and accessories stores	\$8,118,617.00	\$48,973,787.00	\$76,091,166.00
2012 Other motor vehicle dealers	\$1,420,217.00	\$9,210,568.00	\$13,915,340.00

2012 Tire dealers	\$3,711,647.00	\$22,053,639.00	\$34,101,386.00
2012 Hardware stores	\$67,785.00	\$343,593.00	\$544,498.00
2012 Home centers	\$733,717.00	\$3,585,694.00	\$5,774,293.00
2012 Nursery and garden centers	\$1,006,980.00	\$5,097,408.00	\$7,952,020.00
2012 Outdoor power equipment stores	\$2,150,010.00	\$8,573,969.00	\$11,691,789.00
2012 Paint and wallpaper stores	\$63,036.00	\$346,028.00	\$572,071.00
2012 Appliance, television, and other electronics stores	\$5,759,983.00	\$31,469,682.00	\$48,702,943.00
2012 Camera and photographic supplies stores	\$512,535.00	\$3,270,292.00	\$5,178,908.00
2012 Computer and software stores	\$13,043,672.00	\$75,234,347.00	\$118,015,862.00
2012 Beer, wine, and liquor stores	\$2,038,625.00	\$11,917,849.00	\$18,662,122.00
2012 Convenience stores	\$10,658,700.00	\$60,562,842.00	\$94,522,084.00
2012 Restaurant Expenditures	\$10,415,056.00	\$60,845,285.00	\$94,017,150.00
2012 Supermarkets and other grocery (except convenience) stores	\$37,052,539.00	\$216,110,838.00	\$337,677,657.00
2012 Furniture stores	\$4,253,853.00	\$23,365,341.00	\$34,967,987.00
2012 Home furnishings stores	\$10,243,838.00	\$55,696,571.00	\$85,115,552.00
2012 General merchandise stores	\$64,703,020.00	\$360,536,818.00	\$555,069,428.00
2012 Gasoline stations with convenience stores	\$31,569,901.00	\$183,311,716.00	\$286,210,960.00
2012 Other gasoline stations	\$22,107,681.00	\$129,827,164.00	\$202,717,563.00
2012 Department stores (excl leased depts)	\$52,843,426.00	\$291,518,571.00	\$447,253,944.00
2012 General merchandise stores	\$64,703,020.00	\$360,536,818.00	\$555,069,428.00
2012 Other health and personal care stores	\$3,376,642.00	\$19,949,164.00	\$31,021,152.00

2012 Pharmacies and drug stores	\$9,754,453.00	\$59,155,057.00	\$93,229,452.00
2012 Pet and pet supplies stores	\$2,915,824.00	\$16,981,390.00	\$26,319,636.00
2012 Book, periodical, and music stores	\$872,798.00	\$4,949,524.00	\$7,686,406.00
2012 Hobby, toy, and game stores	\$1,448,399.00	\$6,574,798.00	\$9,604,311.00
2012 Musical instrument and supplies stores	\$521,876.00	\$1,878,846.00	\$2,840,235.00
2012 Sewing, needlework, and piece goods stores	\$502,940.00	\$2,652,751.00	\$3,816,270.00
2012 Sporting goods stores	\$783,481.00	\$5,308,331.00	\$8,593,761.00



OFFICE MARKET

The Syracuse CBD has seen a flurry of activity in regards to publicly funded construction and infrastructure projects. Syracuse University, in conjunction with the City of Syracuse secured \$42.5 million in funding for the Connective Corridor project that connects Syracuse University to downtown Syracuse. More than 40 downtown businesses have taken advantage of a \$625,000 grant awarded for the Connective Corridor Façade Improvement Grant Program.

Developments of note, the historic Landmark Theater recently completed a \$16 million expansion to accommodate touring Broadway performances. A new \$31-million, 180 room Marriott is currently under construction in Armory Square. Washington Station, a \$30 million, 126,000 square feet (sf) office building was completed in late 2011 and topped off in 2012. A new \$14-million Centro Transportation Hub was completed in 2012, as was the conversion of two former office buildings, Merchants Commons and Deys Buildings to mixed use residential office and retail. Conversion of former office buildings to residential uses has helped to decrease the office vacancy rate slightly, down 0.08% over Q4 2011.

All together, more than \$1.4 billion in capital investments are being made throughout the Syracuse area, with \$265 million currently being invested in downtown Syracuse.

While we have seen an increase in infrastructure and construction activity in other sectors, it has not yet translated to any significant movement in the office sector. One issue remains; plenty of inventory.

The Syracuse market is known for historically limited speculative development and while this has helped the market stay relatively stable, demand has lessened over the past few years due to macroeconomic forces resulting in a slight rise in vacancy rates.

The suburban market as a whole has been soft in 2012 but the CDB has shown some surprising resurgence in sales and leasing. Two major office assets were sold or plans for redevelopment announced. The former Excellus and Sibley buildings are planned mixed use redevelopments to begin in 2013. CNA Insurance will be relocating to the CBD after decades in the suburban market joining O'Brien & Gere, KS&R, King & King Architects, CountryWay Insurance, ProLiteracy, and MVP Healthcare.

The market currently remains flat with some shuffling of existing tenants, but as 2013 progresses, we are optimistic for a rise in leasing activity over the next year.

With the Presidential election in the rear view mirror and a new year, we feel the reluctance on many with pent up demand will finally wane. We foresee rental rates to be somewhat softer than we would have predicted two years ago but volume is anticipated to rise. Though not expected to be a banner year, 2013 should signal an upward swing on the curve.



INDUSTRIAL MARKET

In the Syracuse Industrial sector, currently in demand is high quality flex space, 10,000 to 20,000 sf, with docks, high ceilings and room to expand. As with any aging market, there is still an oversupply of low ceiling, functionally obsolete industrial buildings with tight column spacing and small lots. As these types of buildings sit vacant for many years waiting for redevelopment, one bright spot this year for a building of this type was the sale of the 200,000-sf, former Penfield Manufacturing building, sold to G&K Trucking, LLC from New Jersey, who found the building functional for their storage use.

OFFICE MARKET STATISTICS

MARKET	INVENTORY	OVERALL VACANCY	DIRECT	DIRECT
			WTD. AVG. CLASS A GROSS RENTAL RATE	WTD. AVG. CLASS B GROSS RENTAL RATE
			psf/yr	psf/yr
SYR-CBD	6,746,867	27.2%	\$17.09	\$15.25
SYR-East	4,577,768	17.9%	\$17.55	\$12.40
SYR-North	4,010,097	13.8%	\$16.91	\$15.15
SYR-South	303,363	8.4%	NA	\$14.12
SYR-West	1,342,993	17.4%	\$15.00	\$11.29
TOTAL	16,981,087	20.4%	\$16.98	\$14.79



INDUSTRIAL MARKET (CONT)

At the time of this writing, large manufacturing companies continue to be hesitant to make any financial decisions as a result of the 'fiscal cliff' deals that Congress are still negotiating, but as with any pent up need, at some point large companies with a stockpile of cash will eventually have to make their investments. As a result, leasing activity in the Syracuse market has slowed in 2012, down -7.2% from previous year as companies are waiting to initiate plans. Projections are that overall vacancy will rise shortly as some large spaces will soon be online, but interest by Tenants that see the current and possible transformation of this region through investment and infrastructure projects has also increased.

Disparity in what Landlord's believe their properties are worth and market rate still have to find some common ground, but the demand for quality space is driving rental rates up, 7.6% over Q4 2011. Tenants and Buyers still concerned with image are finding lack of quality product in the market that is functional for their needs, but that is not stopping some from grabbing up some large spaces at great prices. Significant leases in 2012 includes a 250,000-sf sublease to McLane Northeast; 100,000-sf lease to Light 4 Life Candles LLC and a 41,171-sf warehouse lease to Dealers Supply North. Large user sales include the 220,000-sf former John Deere facility to Bitzer Scroll, Inc. and the aforementioned 206,000-sf former Penfield Manufacturing building. Investors caught a few bargains as the 1.7 million square feet (msf) Magna facility that will be vacated in January 2013 sold to Marathon Construction and the Widewaters Group developer purchased the 495,903-sf former Syroco facility. Both are currently under re-development and available for lease. No new construction in 2012 aside from a \$20 million, 130,000-sf cold storage expansion for Sysco Foods.

INDUSTRIAL MARKET STATISTICS							
MARKET/ SUB MARKET	INVENTORY HT/MF/OS/WD	OVERALL	DIRECT WEIGHTED AVERAGE				
		VACANCY	NET RENTAL RATE*				
		RATE	HT	MF	OS	W/D	
SYR-East	17,527,868	11.63%	NA	\$3.89	\$6.37	\$3.52	
SYR-North	18,662,331	5.79%	NA	\$3.50	\$7.03	\$3.68	
SYR-South	1,621,525	9.5%	NA	\$2.75	\$6.00	\$3.17	
SYR-West	6,371,145	19.0%	NA	NA	\$6.00	\$3.07	
TOTAL	44,182,869	10.2%	NA	\$3.60	\$6.67	\$3.39	

Moving into 2013, there is an optimistic view in the Syracuse industrial market as demand is improving. Also, as a few large investment sales of dated product to capable Landlords has occurred, such as the 1.7 msf former Magna facility, the former Syracuse China facility, and the former Syroco facility, creative reuses of larger industrial spaces (over 100,000 sf) will facilitate opportunities for many large users currently looking in the Syracuse market for functional space.



RETAIL MARKET

The Syracuse retail market did see some major activity as some new players entered the market in 2012 with signs pointing to renewed interest and a stronger market, as we head into 2013. Rental rates appear to be holding even as Tenant's are asking for free rent or improvements. Qualified Landlord's that can easily accomplish the tenant's requirements for improvements seem to engage the qualified Tenant's more easily. A major obstacle to overcome is for smaller Landlord's with older shopping centers or freestanding retail properties struggling with an aging inventory. Buildings that are close to the road with limited parking are difficult to lease. Issues also arise with Town's that have rigid zoning and signage laws not conducive to attracting fresh business. These Landlord's may be forced to charge lower rents to attract Tenant's but may also be strapped to invest Tenant Improvement dollars; bottom line is a vicious circle; Landlord's need qualified Tenant's that will sign long term leases to recoup their Tenant Improvement investments. And on the flip side, the space might be the right location, but Tenants are looking for qualified Landlords that can handle tenant improvements and maintenance issues. Bottom line is there are fewer of these qualified local type Tenant's to fill these aging spaces.

Demand right now is for 1 acre sites for free standing retail restaurants, banks and chain stores to build. Also in demand, updated inline space visible from the road with plenty of parking and obvious visible signage. Tenants are looking for centers with smaller tenant spaces with the right tenant mix, to attract their customer's target.

Undersupply continues in prime retail areas such as Fairmount Fair in Camillus and Fayetteville Town Center, Fayetteville. Case in point in Fairmount Fair; there was no viable space for Delta Sonic looking for a presence in the Fairmount/Route 5/West Genesee

No warranty or representation, express or implied, is made as to the accuracy of the information contained herein, and same is submitted subject to errors omissions, change of price, rental or other conditions, withdrawal without notice, and to any specific listing conditions, imposed by our principals.





RETAIL MARKET (CONT)

Street retail corridor so they proceeded with the purchase of a 62,000 ± sf shopping center located at 3668 West Genesee Street for \$2.6 million in 2012, currently under demolition to clear the way for their new location. More activity has also been seen on Route 5/East Genesee Street in Fayetteville; Aldi purchased the lot directly across the street from Wegman's and will soon start to build, while other small lots near their new site are in play or continue to attract interest. Aldi is also rumored to be interested in the 48,900 ± sf former Sam Dell Auto Dealer site located at 1001 East Genesee Street, purchased by a developer that will be demolishing portions of the building and redeveloping into a strip center with outparcel possibilities. Dunkin Donuts is also rumored to be interested in that site.

Other new construction in the Syracuse area includes Family Dollar's purchase of a 1 acre site they are currently building on at North Salina and Wolf Streets across from Stella's Diner; Chipolte on pad in front of Lowes on Route 31, Liverpool; new SuperWalmart is also on tap on Route 31, Liverpool in the former Sam's Warehouse space next to the current Walmart; Aspen Dental on a pad in front of Target on Route 11, Cicero; Chase Bank at Route 11 & Hogan Road, Cicero; Dunkin Donuts at Velasko Road & Onondaga Blvd. (former gas station), Syracuse. Also completed, The Coppertop Tavern on Route 11, Cicero expanded; Men's Wearhouse took the former Blockbuster space in Market Place Mall, Cicero, the former Kinne Drug in Nottingham Plaza, Syracuse is under renovation for a new Rite Aid and Bella Cigna Family Restaurant opened in Manlius, NY. New to the Syracuse market, Price Rite, which opened its debut location on Erie Blvd. at Teall Avenue, Syracuse and actively looking for sites to expand in the market are coffee, donut and yogurt users.

The big news in 2012 has to be DestiNY USA. Former known as Carousel Center (1,600,000 ± sf), the 800,000 ± sf expansion completed the transition to what is formally now known as DestiNY USA. Throughout the older portion of the mall, improvements have been made, with a refreshed look, and some established tenants expanded as did Forever 21 (expanded to 2 levels) and the Apple store went through a much needed expansion as people were spilling into the hallways in their previous location.

Also New to DestiNY USA in 2012, Wonder Works, Pole Position, Ice Museum, Popeye's Chicken, Melting Pot, Cantina Laredo, Lenox, Hartmann Host, Wilson Leather, Ferragamo Shoes, Michael Kors, PF Changs, Gordon Biersch Brewery, Guess Factory, Saks Fifth Avenue Off 5th, Dick's Sporting Goods, Burlington Coat Factory, and BCBG MaxAzria.

On tap at DestiNY USA Toby Keith's (I Love This Bar & Grill), Texas de Brazil, Funny Bone Comedy Club (opening January 2013), AJA, IMAX 3D, Opti-Golf, Revolutions Entertainment and TJ Maxx moving from its long time Northern Lights location. This is not only a shopping destination with a variety of stores with different price points but an exciting entertainment destination for the whole family. Also, rumored to be in talks with DestiNY is Dave & Buster's, an adult entertainment bar and restaurant with 55 locations through the US.

RETAIL MARKET STATISTICS

TYPE	INVENTORY	OVERALL VACANCY	LOW DIRECT	HIGH DIRECT
			ASKING NNN RENTAL RATES	ASKING NNN RENTAL RATES
			psf/yr	psf/yr
Downtown	802,000	23%	\$8.00	\$17.00
Neighborhood Service Centers	3,599,906	10.4%	\$7.00	\$26.00
Community Centers	3,108,380	14.3%	\$8.00	\$25.00
Power Centers	2,299,525	8.1%	\$10.00	\$30.00

With the buzz around DestiNY, the Hiawatha Blvd. area in front of DestiNY has sparked interest for development as the City has refused the request by DestiNY owners Pyramid Companies to close off parts of Hiawatha Blvd. To the south of DestiNY, the Inner Harbor project is showing signs of a start as COR Development, the bid winner on the project by the City, has begun to clear the property for development of residential, retail and office on the west side of the Syracuse Inner Harbor. According to a Post Standard news article in November 2012, COR is planning to develop a hotel, a marina and other retail and office buildings on the east side of the harbor and buildings for community use on the north side of the harbor. The city plans to invest \$4 million to build roads and other improvements to the west side of the harbor to support COR's development projects and the expected development of land farther west along Kirkpatrick Street by other developers. In June, city councilors approved an agreement to sell 28 acres of land around the harbor to COR, which says it will spend an estimated \$350 million transforming the former Barge Canal terminal into a commercial, residential and retail attraction.

Armory Square in downtown Syracuse continues to be a strong retail night spot and retailers are continuing to look at Armory as more people are moving back to downtown, currently at a 99% occupancy rate.

No warranty or representation, express or implied, is made as to the accuracy of the information contained herein, and same is submitted subject to errors omissions, change of price, rental or other conditions, withdrawal without notice, and to any specific listing conditions, imposed by our principals.

